



THOMAS L. GARTHWAITE, M.D.
Director and Chief Medical Officer

FRED LEAF
Chief Operating Officer

COUNTY OF LOS ANGELES
DEPARTMENT OF HEALTH SERVICES
313 N. Figueroa, Los Angeles, CA 90012
(213) 240-8101

BOARD OF SUPERVISORS

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First District

Yvonne Brathwaite Burke
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February 24, 2005

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Supervisors:

AGREEMENT AMENDMENT FOR RADIATION THERAPY SERVICES
(4th District) (3 Votes)

IT IS RECOMMENDED THAT YOUR BOARD:

Approve and instruct the Director of Health Services, or his designee, to sign Amendment No. 3 to Agreement No. H-209631, substantially similar to the attached Exhibit I, with St. Francis Medical Center, to change the method of payment from \$85 per treatment to a flat rate of \$3,650 per case, and to extend the term of the Agreement for an additional 12 months, effective upon Board of Supervisors' approval through June 30, 2006, with a maximum annual obligation of \$408,800.

PURPOSE/JUSTIFICATION OF THE RECOMMENDED ACTION:

The purpose of the recommended action is to amend Agreement No. H-209631 with St. Francis Medical Center (St. Francis) to: 1) change the method of payment from a per treatment charge to a flat rate per case that reflects rate increases and a full range of radiology-related services, and 2) extend the term of the Agreement for an additional 12 months to ensure there is no disruption of radiation therapy services for Harbor-UCLA Medical Center (Harbor-UCLA) patients. Harbor-UCLA has neither the staff nor the equipment to provide these outpatient radiation therapy services.

FISCAL IMPACT/FINANCING:

The maximum obligation for the Amendment for the period commencing upon Board approval through June 30, 2006 is \$408,800.

Funding is included in the Fiscal Year (FY) 2004-05 Adopted Budget and will be requested as a continuing appropriation in future fiscal years.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS:

In April 1986, the Department of Health Services (DHS or Department) issued a Letter of Interest (LOI) to providers of radiation therapy services in the South Bay area. Under the LOI, it was determined that only St. Francis had the appropriate equipment and a qualified radiation oncologist to provide inpatient radiation therapy services required by Harbor-UCLA. Three subsequent amendments extended the term through June 30, 1998.

On June 30, 1998, the Board approved the existing Agreement with St. Francis to continue the provision of radiation therapy services to patients referred from Harbor-UCLA. The Board also authorized the Director of Health Services to offer and sign new agreements with other qualified providers that show interest in providing radiation therapy services to Harbor-UCLA patients at the same rates.

On June 27, 2000, the Board approved Amendment No. 1 to Agreement No. H-209631, which extended the term through June 30, 2004. On June 29, 2004, the Board approved Amendment No. 2, effective July 1, 2004 through June 30, 2005.

In August 2004, St. Francis requested a change in the method of reimbursement from a per treatment rate of \$85 to a flat rate of \$3,650 per case. The number of treatments required per case varies with the need to treat various types of cancer: lung cancer requires 25 treatments, breast cancer requires 30 treatments, prostate cancer requires 36 to 40 treatments, head and neck cancer requires 39 treatments. An average of 30 treatments is required per case, with an average reimbursement of \$2,550 per case.

The proposed per case rate of \$3,650 represents an increase of approximately 30% over the current average reimbursement rate, but the proposed rate includes physician reimbursement and a full range of associated services, i.e., consultations, planning, physics, simulations, blocks/ wedges, casts, lab and x-rays. Harbor-UCLA previously provided lab and x-ray services for patients referred to St. Francis for these services.

The Department has canvassed two hospitals (Torrance Memorial and Long Beach Memorial) in the vicinity of Harbor-UCLA's catchment area and determined that the new proposed rate is well within the community standard range for radiation therapy services.

In addition, Harbor-UCLA indicates that private insurance carriers are billed \$225 per visit, or an average of \$6,750 per case. Harbor anticipates referring approximately 100 patients annually.

During the extension period, the Department will issue an LOI to determine if other providers may be available and interested in providing radiation therapy services. Based on the responses to the LOI, the Department will return to the Board with new contract(s).

The current Agreement contains the latest provisions regarding the Health Insurance Portability and Accountability Act, Compliance with the County's Jury Service Program, No Payment for Services Provided Following Expiration/Termination of Agreement, and Safely Surrendered Baby Law.

The Department has determined that the radiation therapy services provided by St. Francis are of a professional nature and are required on an intermittent basis.

The Honorable Board of Supervisors
February 24, 2005
Page 3

The administrative staff at Harbor-UCLA will continue to monitor the contractor's performance to assure compliance with the terms and conditions of the agreement.

Attachment A provides additional information.

County Counsel has approved the Amendment (Exhibit I) as to use and form.

CONTRACTING PROCESS:

St. Francis was originally selected as a result of an LOI issued by the Department in April 1986. On June 30, 1987, the Board approved the initial Agreement which expired in June 1998.

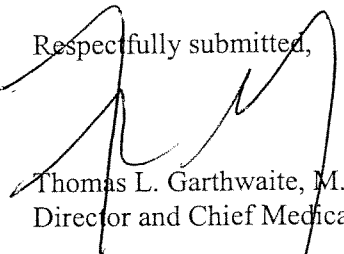
The Board approved the current sole source Agreement on June 30, 1998.

IMPACT ON CURRENT SERVICES (OR PROJECTS):

Approval of Amendment No. 3 will ensure the continued and uninterrupted provision of radiation therapy services to patients at Harbor-UCLA.

When approved, this Department requires three signed copies of the Board's action.

Respectfully submitted,


Thomas L. Garthwaite, M.D.
Director and Chief Medical Officer

TLG:dz

Attachments (2)

c: Chief Administrative Officer
County Counsel
Executive Officer, Board of Supervisors

BLETCD3718.DZ
12/21/04

SUMMARY OF AMENDMENT

1. TYPE OF SERVICE:

Radiation therapy services to patients referred from Harbor-UCLA Medical Center.

2. CONTRACTOR ADDRESS AND CONTACT PERSON:

St. Francis Medical Center
3630 Imperial Highway
Lynwood, CA 90262
Attention: Jeffrey Blend, Director of Managed Care
Telephone No.: (310) 900-7323 Fax No.: (310) 604-0864

3. TERM:

Amendment No. 3 to Agreement No. H-209631 will become effective upon Board of Supervisors' approval and continue through June 30, 2006.

4. FINANCIAL INFORMATION:

The maximum obligation for the Amendment for the period commencing upon Board approval through June 30, 2006 is \$408,800. Funding is included in the Fiscal Year (FY) 2004-05 Adopted Budget and will be requested as a continuing appropriation in future fiscal years.

5. MONITORING:

The administrative staff at Harbor-UCLA will be responsible for monitoring the Agreement in its entirety.

6. APPROVALS:

Harbor-UCLA Administration:	Tecla A. Mickoseff, Chief Executive Officer
Contracts and Grants Division:	Cara O'Neill, Chief
County Counsel (approval as to form):	Elizabeth Friedman, Sr. Deputy County Counsel

EXHIBIT I

Contract No. H-209631

RADIATION THERAPY SERVICES AGREEMENT

AMENDMENT NO. 3

THIS AMENDMENT is made and entered into this _____ day
of _____, 2005,

by and between

COUNTY OF LOS ANGELES (here-
after "County"),

and

ST. FRANCIS MEDICAL CENTER
(hereafter "Contractor").

WHEREAS, reference is made to that certain document entitled
"RADIATION THERAPY SERVICES AGREEMENT", dated June 30, 1998, and
further identified as Agreement No. H-209631, and Amendment
Nos. 1 and 2 thereto (all hereafter "Agreement"); and

WHEREAS, it is the intent of the parties hereto to amend
Agreement to revise the method of payment, extend its term, and
make other hereafter described changes; and

WHEREAS, Medical Facility shall retain professional and
administrative responsibility for the services provided under
this Agreement; and

WHEREAS, Agreement provides that changes may be made in the
form of a written amendment which is formally approved and
executed by the parties.

NOW, THEREFORE, THE PARTIES AGREE AS FOLLOWS:

1. This Amendment shall become effective on the date of Board of Supervisors' approval.

2. That Paragraph 1, TERM AND TERMINATION, subparagraph "A", shall be amended to read as follows:

"A. This Agreement shall be effective July 1, 1998, and shall continue in full force and effect on a month-to-month basis, to and including June 30, 2006, unless sooner terminated or canceled under the conditions of this Agreement."

3. That Attachment 1-B, "Schedule of Rates", be added to this Agreement, as attached hereto and incorporated herein by reference, and that all references to Attachment 1 be references to Attachment 1-B.

4. That Paragraph 4, BILLING AND PAYMENT, of the Body of Agreement shall be amended to read as follows:

"4. BILLING AND PAYMENT: County shall reimburse Contractor for the services rendered pursuant to this Agreement at the flat rate set forth in Attachment 1-B, Schedule of Rates, and in accordance with the billing and payment procedures described below.

A. For radiation therapy services provided to County-referred outpatients where Medical Center has

identified the third-party coverage (i.e., Third-Party Covered Patients, as defined above) and so informed Contractor, Contractor shall bill the third-party payer for its services and shall accept such payment as payment in full.

B. If third-party coverage is determined by Medical Center after County has paid Contractor, Medical Center shall so inform Contractor and Contractor shall bill the applicable third-party payer for the services provided. Upon receipt of payment from the third-party payer, Contractor shall refund to County all monies paid by County to Contractor for that patient.

C. For all County responsible patients, as defined above, Contractor shall bill County at the flat rate per case in accordance with Attachment 1-B, Schedule of Rates.

D. Contractor agrees that all claims for payment for services provided to subscribers and enrollees of the Los Angeles County Community Health Plan (LACCHP) shall be made directly to County and further agrees that Contractor, its agents, trustees, or assignees shall look solely to County for payment and not to the subscriber or enrollee. Medical Center will inform

Contractor if the patient referred by Medical Center is a LACCHP subscriber or enrollee.

E. Medical Center shall also inform Contractor if a patient's status changes from inpatient to outpatient.

F. All billings to County by Contractor shall be in arrears, shall clearly identify the patient for whom services were provided, shall reflect and describe in reasonable detail the services for which claim is made, shall include Contractor's name as it appears on the first page of this Agreement, and shall include the Agreement number.

G. All billings shall be forwarded to Medical Center's expenditure management office.

H. Subject to the terms and conditions of this Agreement, and upon receipt of a complete and correct billing, County shall reimburse Contractor within thirty (30) calendar days."

5. Except for the changes set forth hereinabove, Agreement shall not be changed in any respect by this Amendment.

IN WITNESS WHEREOF, the Board of Supervisors of the County of Los Angeles has caused this Amendment to be subscribed by its

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Director of Health Services, and Contractor has caused this
Amendment to be subscribed in its behalf by its duly authorized
officer, the day, month, and year first above written.

COUNTY OF LOS ANGELES

By _____
Thomas L. Garthwaite, M.D.
Director and Chief Medical
Officer

ST. FRANCIS MEDICAL CENTER
Contractor

By _____
Signature

Print Name

Title _____
(AFFIX CORPORATE SEAL HERE)

APPROVED AS TO FORM
BY THE OFFICE OF THE COUNTY COUNSEL

APPROVED AS TO CONTRACT
ADMINISTRATION:

Department of Health Services

By _____
Cara O'Neill, Chief
Contracts and Grants Division

AMEND3/H209631
AMENDCD3717.DZ
12/10/04

EXHIBIT A
ATTACHMENT 1-B

RADIATION THERAPY SERVICES

ST. FRANCIS MEDICAL CENTER

SCHEDULE OF RATES

<u>PROVIDER</u>	<u>SERVICE</u>	<u>RATE</u>
St. Francis Medical Center	All Radiation Therapy Services*	\$3,650 per case for County- responsible patients**

* A full range of additional associated services are included in the new per case rate, i.e., consultations, planning, physics, simulations, blocks/wedges, casts, lab, and x-rays.

** St. Francis Medical Center will bill the third-party payer for services rendered to patients covered by Medi-Cal or other third-party payer insurance.

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12/10/04